

CareFirst BlueCross BlueShield  
10455 Mill Run Circle  
Owings Mills, MD 21117-5559

Letter of Participation



January 9, 2002

Ms. Sharon J. Vecchioni  
Executive Vice President and Chief of Staff  
CareFirst, Inc.  
10455 Mill Run Circle  
Owings Mills, MD 21117

Dear Sharon,

We are pleased to advise you that the Board of Directors has selected you to be a Participant in the CareFirst Merger Incentive Plan (the "Plan"), a copy of which is attached and is a part of this Letter of Participation. All capitalized terms used in this Letter of Participation have the meaning set forth in the Plan.

Under the Plan, you may receive a Merger Incentive Bonus in the event that a Sale or Disposition occurs and one of the employment conditions specified in Section 3(a)(i) or (ii) of the Plan is satisfied. Please read the attached copy of the Plan carefully to understand the terms and conditions under which such Merger Incentive Bonus will be paid.

In the event that there is a Sale or Disposition covered by the Plan and one of the employment conditions specified in Section 3(a)(i) or (ii) of the Plan is satisfied, your Merger Incentive Bonus will be equal to seventeen thousand six hundred and ninety-two hundred-thousandths of one percent (0.17692%) of the Merger Consideration.

You will become a Participant in the Plan only if you sign and return a copy of this Letter of Participation to John Picciotto by January 18, 2002.

If you have any questions regarding your participation in the Merger Incentive Plan, they should be addressed to John Picciotto at (410) 998-5949.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. L. Jews".

William L. Jews  
President and Chief Executive Officer

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Sharon J. Vecchioni  
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I hereby acknowledge that I have received and read the copy of the CareFirst Merger Incentive Plan delivered to me with this Letter of Participation, and I hereby accept and agree to the terms and conditions set forth in such document.

Sharon J. Vecchioni  
Sharon J. Vecchioni

Date: 1/10/02

